

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : JULY 8, 2013

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #12 – Status Report on Twentynine Palms Public Cemetery District Compliance with LAFCO Conditions from its Service Review/Sphere of Influence Update (LAFCO 3152)

RECOMMENDATION:

Staff recommends that the Commission:

1. Direct staff to continue to monitor the District's compliance with the conditions outlined in Resolution No. 3163 related to financial matters;
2. Set another status report presentation for the July 2014 hearing; and,
3. Notice receipt of the Status Report and file.

BACKGROUND:

At the November 14, 2012 hearing the Commission completed its service review for the Twentynine Palms Public Cemetery District (hereafter District) outlining its concerns related to the financial operations of the District, copy of the report is included as Attachment #1. The Service Review conducted required a staff requested reconsideration to allow the District to submit missing information on its financial operations. However, even with the supplemental data received questions remained on the financial operations. LAFCO Resolution No. 3163, a copy included as Attachment #2, included five ongoing conditions related to these concerns, outlined as follows:

1. The District shall be required to conduct a forensic audit of its Endowment Care Fund to accurately account for the principal impressed with a public trust required to maintain the facilities in perpetuity;

2. For the next five years the District is required to provide the Commission annually with a copy of its adopted preliminary and final budget, its mid-year budget review, and copies of the audits presented to the District;
3. The District is required to provide the County Auditor with copies of all audits and current budgets and the State Controller with copies of all audits as required by law;
4. The District is required to adopt and implement an appropriation limit no later than May 1, 2013 and provide the board approved documentation to LAFCO; and
5. LAFCO staff is to provide biannual updates to the Commission until the issues are resolved.

Staff has been working with the District staff and it's outside Auditor, Albert Lee of Lee & Associates, to complete the requirements of Condition #1 of the Commission's Resolution 3163. As of this hearing, the audit of the Endowment Fund has been completed, copy included as Attachment #3, showing that the District's endowment fund total principal is \$149,177 for the period reviewed (1981 through 2012) and the interest account is \$205,000. The report details that these funds are maintained in two separate locations, the County Treasury and in a Wells Fargo (formerly A.G. Edwards, then Wachovia, now Wells Fargo) investment account (divided into principal and interest) and the totals shown above are the totals for all accounts. The findings of the report identify that no funds from the principal account which are impressed with a public trust have been used and that the District has significant interest funds available to supplement its ongoing activities. However, it does outline some ongoing actions for the District to follow policies to transfer interest earned in the Wells Fargo principal account to the interest account for clarity purposes.

As required by Condition No. 2, the District has provided the Commission with its mid-year budget review, its proposed budget for Fiscal Year 2013-14 and we are awaiting the year-end report.

Condition No. 4 identifies that the District was required to adopt an appropriation limit by no later than May 1, 2013. This was accomplished for Fiscal Year 2012-13 by adoption of Resolution No. 15 on December 12, 2012; however, recent inquiries of the District have not provided the appropriation limit documentation for upcoming Fiscal Year 2013-14 as required. LAFCO staff will continue to work with the District's staff on the ongoing statutory requirements for implementing its budgetary process.

Staff wishes to commend the District for its diligence in moving forward to clear up financial questions raised by the Service Review and to bring a more accountable operation forward for its Board of Trustees and its constituents, the landowners and residents of the area.

Based upon the information received, staff is recommending that the Commission receive this status report, noting the completion of Condition No. 1 in a positive manner and set a further review for July 2014 as outlined on page #1.

KRM

Attachment:

1. [November 14, 2012 Report on LAFCO 3152](#)
2. [Report from Lee & Associates on the Endowment Fund of the Twentynine Palms Cemetery Public District dated March 2013](#)
3. [Proposed Budget for FY 2013-14, Mid-Year Budget Review and Appropriation Limit Adoption for FY 2012-13](#)
4. [Audit for FY 2011-12](#)